

AGENDA



Thursday, May 3, 2007

Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION

Item No. 25

Subject: Authorize award and execution of a 24-month requirements service contract with MUNICIPAL SERVICES BUREAU, Austin, TX, for the collection of delinquent Municipal Court cases with estimated annual net to general fund revenue of \$2,250,000, with two 12-month extension options with estimated revenue of \$2,250,000 per extension option, for a total estimated contract revenue of \$9,000,000.

Amount and Source of Funding: \$468,750 estimated revenue in the current fiscal year. Revenue for the remaining 19 months of the original contract period and extension options will be included in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Sydney Ceder, Senior Buyer/974-2035

Purchasing Language: Best value bid of seven bids received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified, therefore, no goals were established for this solicitation.

More than 400,000 new cases are filed annually in the Austin Municipal Court. The Court has an effective collection program that results in an overall collection and case clearance rate of approximately 78% for traffic, misdemeanor, and civil parking cases during the first year that a case is open. After all available internal collection efforts are made, the Court refers all delinquent pending cases to an outside collection vendor. The Court first contracted with a collections vendor in October 2002.

The Austin Municipal Court currently has more than 347,000 outstanding traffic, misdemeanor, and civil parking cases that are from one to nine years old. The adjudicated balance is approximately \$30,500,000 which includes all fines, fees, and court costs, including a 30% collection fee authorized by state statute.

The 30% collection fee is only added to adjudicated or liable cases at this time. It may be argued that the fee could be added to unadjudicated cases. However, it is the position of the Austin Municipal Court that the defendant is entitled to due process and is innocent until found guilty or the defendant pleads guilty. The defendant has no obligation to pay anything until the case is adjudicated. If the defendant owes nothing, 30% cannot be added. Also, it is the position of Austin Municipal Court that the additional 30% collection fee should not be added until all of the Court's internal collection efforts have been exhausted thus giving the defendant every opportunity to comply.

The proposed contract provides for an external collection vendor to locate and contact those individuals with delinquent Class 'C' traffic, misdemeanor, and civil parking cases. The contract with Municipal Services Bureau will provide for a commission rate of 30% be paid to Municipal Services Bureau on the amounts collected on delinquent adjudicated traffic and misdemeanor cases and liable parking cases that are referred by the Court. 30% is the minimum that may be paid to a contracted vendor if the 30% fee authorized by state law is assessed. The City of Austin assesses the fee on adjudicated cases. The commissions on these cases will be paid with the 30% collection fee paid by the defendant.

The contract will also provide for a commission rate of 8% be paid to Municipal Services Bureau for the majority of unadjudicated traffic and misdemeanor cases that are sent to the vendor to be located. This amount is paid if the cases are referred to the vendor within 60 days of eligibility as outlined in the scope of work. The eligibility for City of Austin cases are delinquency at six months for parking cases and delinquency at one year for non-parking cases. There is no collection fee applied to unadjudicated cases so the 8% will be paid out of revenue.

The number of adjudicated and non adjudicated cases referred for collection is expected to remain constant. Based on recent collections history, gross annual revenue is anticipated at \$3,700,000. Payments to the vendor are estimated at \$675,000 (30% or 8% as appropriate). After subtracting payments to the vendor, about 25% is paid to the state for its share of court costs and fees, leaving about \$2,250,000 retained by the city, mostly in the general fund. Approximately, two-thirds of the revenue is collected from adjudicated cases and one third from unadjudicated cases.

MBE/WBE Solicited: 0/0

MBE/WBE Bid: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. Twenty-six notices were sent. There were no known MBEs/WBEs for this commodity code. Seven solicitations were issued. Seven bids were received.
- c. The pricing offered represents an approximate 9% increase to the commission rate from the last contract award in October 2002. The current contractor is Municipal Services Bureau, Austin, TX.

APPROVAL JUSTIFICATION

- a. Best evaluated bid.
- b. The Purchasing Office concurs with the Municipal Court's recommended award.
- c. Advertised in the Austin American-Statesman and on the Internet.